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29587 W. US 40, Suite 20
Steamboat Springs,
Colorado 80487
303 879-1722

Reply to: 1950-3

Date: February 3, 1994

Dear Reader:

Enclosed please find the Record of Decision for the Final Environmental Impact Statement for the Fish Creek Reservoir expansion, proposed by the City of Steamboat Springs and Mt. Werner Water and Sanitation District. Fish Creek Reservoir is located in Routt County, on the Routt National Forest, Steamboat Springs, Colorado.

Should you have any questions regarding this document, please contact Wendy Schmitzer of my staff at (303) 879-1722.

Sincerely,

JERRY E. SCHMIDT
Forest Supervisor

W.SCHMITZER/ws

Enclosure

cc: W.Schmitzer



A. INTRODUCTION

PROJECT BACKGROUND

In February, 1992, the City of Steamboat Springs (City), in partnership with Mt. Werner Water and Sanitation District (Mt. Werner), submitted a Special Use Application to enlarge the existing Fish Creek Reservoir, located on the Routt National Forest in Steamboat Springs, Colorado. Fish Creek Reservoir is the City's primary municipal water supply and is operated by the City under an existing Forest Service Special Use Permit. Mt. Werner supplies its service area water needs with water from natural streamflow in Fish Creek, under a direct flow water right. Mt. Werner has no water storage capability. The City and Mt. Werner are separate water providers and have separate service areas. However, both provide water to the residents of the City of Steamboat Springs. The water from Fish Creek and Fish Creek Reservoir is treated at the Fish Creek Water Filtration Plant, which is owned by both the City and Mt. Werner.

The Forest Service acted upon the application of the City and Mt. Werner and conducted an environmental analysis under the National Environmental Policy Act (NEPA) which resulted in the Final Environmental Impact Statement which contributed to the decision on the Special Use Application. The Final EIS has been prepared by the Forest Service to provide government agencies (Federal, State, and local) and the public with all significant information regarding the alternatives, options to the Proposed Action, and impacts the Proposed Action will have on the biological, physical, and human environment.

This Record of Decision was developed according to the requirements of NEPA, and states my decision, applicable to National Forest System Lands. In addition, it includes a discussion of the requirements which are a part of my decision, the factors that were considered, and the appeal opportunities available to the public.

B. PROPOSAL

Purpose: To provide the highest quality, cost-effective, most reliable water supply to meet the immediate water storage needs of Mt. Werner and to meet the long-term municipal water demands of residents of both the City and Mt. Werner water service areas.

Need: Mt. Werner presently borrows storage water from the Fish Creek Reservoir to meet its service area demands because at certain times of the year, demand exceeds Mt. Werner's direct flow water right in the natural streamflow of Fish Creek. Mt. Werner's need for additional water storage capacity is immediate. The City presently has sufficient water storage capacity for its service area water demand but additional storage is needed to meet long-term water needs.

The City and Mt. Werner are proposing to enlarge the Fish Creek Reservoir by raising the height of the existing main dam 20 feet, reconstructing and raising the saddle dam, and creating a new spillway channel. The proposal provides for an increase in storage capacity of 2,280 acre feet (AF) from 1,842 AF to 4,122 AF. Fifty acres of shoreline would be inundated, changing the present size of the reservoir from 90 acres to 140 acres. Also included in the expansion proposal is the installation of an early warning monitoring system, and the development of a remote, off-site management system for the operation of the reservoir. An underground powerline, stemming from an existing powerline on Buffalo Pass, is being proposed to provide electricity for the remote operation

of the reservoir and the early warning system. The construction activities associated with the proposal would take two summer construction seasons to complete. Included as a mitigation to the proposed action would be the reconstruction and relocation of the existing Granite Creek Campground, a Forest Service campground, located at the edge of the reservoir, that would be mostly inundated by the project.

C. DECISION

After careful consideration of the analysis, applicable laws, and public and comment, I have decided to issue a new Special Use Permit to the City of Steamboat Springs to enlarge, operate and maintain the Fish Creek Reservoir, located on the Routt National Forest, Steamboat Springs, Colorado. I am selecting the Proposed Action, Alternative B, combined with the following options:

Power Supply Option: I am selecting electricity as the power source which will be provided by bringing in an underground powerline to the site from an existing powerline on Buffalo Pass.

Service Road Option: I am selecting Road Option 1 which will start at the end of FDR 310 and continue south until it reaches FDR 310.2. This road will be constructed through the trees approximately 200 feet from open meadow.

Borrow Area Option: I am selecting Borrow Area A1.

Campground Relocation Site: I am selecting Campground Relocation Site 1, on the northeast shoreline of the expanded reservoir, near the site of the existing campground.

a. Authorities

As Forest Supervisor, I am authorized to manage the Routt National Forest in accordance with the applicable laws and regulations set forth by Congressional Legislation and Executive policy. This authority, which includes approval of Special Use Permits, is delegated to me through agency policy described in the Forest Service Manual. Decisions by other government authorities to issue approvals related to this proposal will be aided by the disclosure of impacts presented in the Final EIS.

b. Laws, Regulations, and Policies

I considered all of the relevant laws and regulations in making my decision, including but not limited to the following:

National Environmental Policy Act

Clean Air Act, as amended

Clean Water Act

Protection of Wetlands Executive Order 11990,

Safe Drinking Water Act

Endangered Species Act

National Historic Preservation Act of 1966, as amended

Archeological Resources Protection Act of 1979

National Forest Management Act of 1976

Organic Administrative Act of 1897

Multitple Use-Sustained Yield Act of 1960

Forest and Rangeland Renewable Resources Planning Act of 1974

In addition, I considered relevant planning documents such as the Rocky Mountain Regional Guide and the Routt National Forest Land and Resource Management Plan. Furthermore, I considered the effects and consequences disclosed in the Final EIS and public and agency comment received during the public involvement process. I have concluded that my decision to approve the project, with the necessary mitigation measures, meets all applicable laws, regulations, policies and is in the public's interest.

D. RATIONALE FOR THE DECISION

My decision to issue a Special Use Permit to the City of Steamboat Springs is based, in part, on the regulations for Special Use Applications set forth at 36 CFR 251.54(i), 1-6. This section identifies conditions that an authorized officer must consider and my rationale for each condition is as follows:

(1) The expansion of the existing Fish Creek Reservoir is consistent and compatible with the purpose(s) for which the lands are to be managed and with other uses.

The Routt National Forest Land and Resource Management Plan, 1983, has identified the area in which the reservoir lies as a 10E management prescription area. A general description and goals of the 10E management prescription are as follows:

"Management emphasis is to protect or improve the quality and quantity of municipal water supplies. Management practices may vary from use restrictions to water resource improvement practices, with the primary object of meeting water quality standards established from the individual watershed. A secondary objective is to manage the watershed to improve the yield and timing of water flows, consistent with water quality requirements" (Forest Plan at p. III-237).

I considered the Applicant's purpose to provide the highest water quality, cost effective, and most reliable water supply to its users and have compared the other alternatives to the proposed action. I find that the proposed action best meets the purpose of the water quality objective of the Applicants. I have also determined that the proposed action is consistent with the Forest Plan and best meets the objectives of the land management 10E prescription. The proposed action will improve the water yield in Fish Creek by an agreement between the Applicants and the Colorado Water Conservation Board (CWCB) to allow for the exercise of CWCB's junior instream flow right of 2 cfs in Fish Creek. This agreement ensures that the lower reaches of Fish Creek will not be dry during late summer and early fall and that at least 2 cfs will be present in the stream at all times. Furthermore, timing of water releases is addressed under the proposed action by a reservoir drawdown schedule, agreed to by the City. This drawdown schedule also addresses impacts to recreational activities such as fishing, and helps to mitigate the visual resource impact of a drawn down reservoir during high use periods. The remote, off-site operation of the reservoir included in the proposal will improve the efficiency of the reservoir in terms of timing, conservation, and control of water releases. Additionally, the environmental condition of the watershed spillway channel will be improved

by reducing the present environmental impact through altering the present water flow regime over the spillway and redesign of the spillway itself.

(2) The proposed use is in the public's interest.

I considered economic, social, and environmental factors in determining why it would be in the public's best interest to expand the Fish Creek Reservoir at this time. These factors include:

*The reservoir is already existing and the impacts of expansion would be considerably less than developing a new reservoir on an unimpacted site.

*The present design and operation of the Fish Creek Reservoir is causing continuing environmental damage to Puppy Dog Lake channel by routing too much water through the spillway at the saddle dam. During the spring runoff period, extreme flows through the spillway are causing the channel below Puppy Dog Lake to wash out and erode. This erosional process has caused the natural channel to change dramatically. The proposed action would correct the water flow regime through the spillway and prevent continued degradation of the channel.

*It would be less environmentally damaging to expand the reservoir at this time because the reservoir could be drained without causing a water shortage to the residents of Steamboat Springs. An upstream (inside) raise of the dam could be accomplished which would minimize impacts to the environment. If the reservoir expansion were delayed, water demands could prevent draining the reservoir during the construction period. Consequently, this delay would result in a downstream (outside) raise of the dam, which would be more costly and cause greater impacts to the area, particularly in terms of wetlands impacts.

*Present day interest rates are extremely favorable and are historically low. By the City and Mt. Werner taking advantage of these rates, a significant savings to the taxpayer would be realized rather than by delaying construction when interest rates may be much higher and the cost to the taxpayer could be much greater.

*Both the City and Mt. Werner are in a position to financially and technically undertake the 6 million dollar proposed expansion at this time.

Included in the expansion proposal are several modernization elements which would improve the facility from a public safety standpoint and add to the efficiency of the water delivery system. They include:

- *Early warning alarm system for both main and saddle dams
- *Remote, off-site operational control of the reservoir
- *Electric power line for reliable energy source
- *Larger, more efficient outlet
- *New spillway at saddle dam

Other benefits include:

- *Guaranteed releases to maintain in-stream flow rights and enhance in-stream flows
- *Fisheries Pool to maintain viable fish populations and add to the recreational opportunities at the reservoir
- *Redesign and relocation of Granite Creek Campground

*Correction to Puppy Dog Lake channel and prevention of continued degradation

(3) The applicant is qualified to perform the activities associated with implementing the expansion of the Fish Creek Reservoir and to meet the stipulations outlined in the Special Use Permit.

The City of Steamboat Springs is the existing permittee for the Fish Creek Reservoir and has operated and maintained the reservoir since 1954. The City and Mt. Werner have hired a qualified engineering firm who completed the geotechnical analyses, and has designed the entire project for the enlargement of the reservoir. A second engineering and design firm has also been contracted to provide information relative to design of the campground as well as project specifics. In addition, Forest Service engineering specialists have reviewed the designs along with the Colorado State Engineer. Qualified contractors will be selected by the City in keeping with their legal contracting standards and the construction process will be monitored by Forest Service and City personnel.

(4) Implementation of the Fish Creek Reservoir Expansion will be consistent with applicable Federal and State laws.

I have considered the effects and consequences disclosed in the Final EIS and have concluded that my decision to approve the proposed action, with the necessary mitigation measures, meets all of the applicable laws, regulations, and policies previously described.

(5) The applicant has demonstrated technical and financial capability.

The Steamboat Springs City Council passed a resolution to fund the City's proportionate share of the reservoir expansion, providing the Forest Service selected the proposed action after its final analysis. (See FEIS, Appendix I). Mt. Werner has secured financing for its proportionate share of the project. These funds are presently within the control of Mt. Werner. Technically, both the City and Mt. Werner have been water providers to the Steamboat Springs community for many years. They have demonstrated their ability to manage water treatment plants, wastewater facilities, and in the operation of the existing reservoir.

(6) The City Engineer is authorized to sign a special use authorization on behalf of the City of Steamboat Springs and Mt. Werner Water and Sanitation District.

E. SPECIFIC DECISION CONDITIONS

This decision is specifically contingent upon the U.S. Army Corps of Engineers issuance of a permit authorized by Section 404 of the Clean Water Act for the discharge of dredged or fill material into waters of the United States. Additionally, the wetlands mitigation plan shall be agreed to, in concept, by the U.S. Army Corps, City of Steamboat Springs, U.S. Fish & Wildlife Service and U.S. Forest Service and completed prior to any construction. The applicant must also obtain Water Quality Certification under Section 401 of the Clean Water Act from the Colorado Water Quality Control Division.

The operating plan for the project must be approved by the Forest Service prior to any construction and any other approvals such as final design approval by the Colorado State Engineer shall be in place. The reconstruction and relocation of Granite Creek Campground shall occur so that upon the completion of the reservoir expansion, the campground will be available to the public for

recreation purposes. Fish stocking shall also be scheduled so that when the reservoir expansion is completed, fishing shall be available as soon as biologically practicable. All other requirements of mitigation and coordination as outlined in the Final EIS under Alternative B shall be met.

The applicants shall communicate with local media representatives to ensure that proper notice and signing occur for public safety. The applicants shall also coordinate with the Colorado Division of Wildlife regarding any conflicts between construction and hunting activities.

The City and the U.S. Forest Service shall enter into a Memorandum of Understanding and Collection Agreement to allow for the City to provide funding for a Forest Service project coordinator to monitor the implementation of this decision and all related construction activities.

F. ALTERNATIVES

Public Involvement

In March, 1992, the Forest Service mailed a scoping document to all boxholders of the City of Steamboat Springs. This scoping document described the proposal to enlarge the Fish Creek Reservoir and invited public comment on the proposal. Information was also provided to the public in the form of news releases in the local papers. A public meeting was held in April and a list of issues was created, based on public comments, agency comments, and forest specialist recommendations. The issues that were considered "significant" and would drive the formulation of alternatives were:

- Dam Safety/Flood Hazard
- Water Storage Requirements
- Hydrology/Fisheries
- Socioeconomics
- Wetlands

Other issues that were not considered "significant", but were identified as providing important information to the analysis were:

- Vegetation
- Wildlife
- Water Rights
- Water Quality
- Recreation
- Transportation
- Visual Resources
- Cultural Resources

A Notice of Intent to Prepare an Environmental Impact Statement was published in the Federal Register and several newspaper articles and two radio spots were developed to solicit public input on the proposed project. Twenty-one letters were received on the Draft EIS, five of which were from the general public and the rest were received from Federal, State, and local government representatives.

An open house was held at the Hahns Peak District Office after release of the Draft EIS to provide the opportunity for the public to ask questions and make comment on the Draft EIS. Five people attended the open house. The Final EIS was released in September, 1993, and 3 letters were received from government agencies.

Development of Alternatives

Initially, thirteen alternatives were developed, based on the issues raised, public and agency comment, and Forest Service Specialist recommendations. These alternatives were:

- No Action
- Fish Creek Reservoir Expansion (Proposed Action)
- Smaller Fish Creek Reservoir Expansion
- Larger Fish Creek Reservoir Expansion
- Fish Creek Reservoir Deepening
- Long Lake Reservoir Expansion
- Wren Reservoir Construction
- Nash Reservoir Construction
- Stagecoach Reservoir Expansion
- Lake Catamount Expansion
- Other Basin Reservoir Alternatives
- Water Conservation
- Infiltration Gallery Expansion

Of these thirteen alternatives, eight were eliminated from detailed study, based on technical, environmental, economic, legal, and/or regulatory factors. The rationale for elimination of these eight alternatives is displayed in the Final EIS in Chapter 2, Section 2.2. The remaining five alternatives analyzed in detail were:

- No Action (Alternative A)
- Proposed Action (Alternative B)
- Smaller Reservoir Expansion (Alternative C)
- Water Conservation Alternative
- Infiltration Gallery Expansion Alternative

Under NEPA, alternatives to a proposed action must also include "...reasonable alternatives not within the jurisdiction of the lead agency (40 CFR 1502.14(c))". In meeting this intent, the five alternatives analyzed in detail were divided into two separate sets of alternatives: (1) Those alternatives from which the Forest Service has the authority to select; and (2) Those alternatives that are not within the jurisdiction of the Forest Service, but are available to the City and Mt. Werner, should the No Action Alternative be selected.

The Forest Service alternatives were:

- Alternative A (No Action)
- Alternative B (Proposed Action)
- Alternative C (Smaller Reservoir Expansion)

The City and Mt. Werner alternatives were:

- Conservation Alternative
- Infiltration Gallery Expansion Alternative

After receiving comment on the Draft EIS, a new alternative was developed. This alternative, the City Combination Alternative, included a combination of conservation, expansion of the infiltration gallery, and modernization of the existing reservoir without expansion. This alternative was developed to address the concerns of the EPA, U.S. Fish & Wildlife Service, and U.S. Army

Corps and provides a cost comparison to the Proposed Action. The impacts of this alternative are not greater than the impacts already disclosed under the Conservation Alternative, Infiltration Gallery Expansion Alternative, or the Proposed Action.

For the Final EIS, six alternatives were displayed, including the new City Combination Alternative.

Description of Forest Service Alternatives

ALTERNATIVE A - No Action

The National Environmental Policy Act (NEPA) requires that a No Action Alternative be considered in all environmental documents. This alternative serves as the baseline for estimating the impacts of the other alternatives presented in this EIS. For the purposes of this analysis, the No Action Alternative describes the current condition of the reservoir. Under this alternative, a new Special Use Permit would not be granted by the Forest Service to expand the existing Fish Creek Reservoir and the City would continue to operate the reservoir under its existing Special Use Permit.

ALTERNATIVE B - Proposed Action

Under Alternative B, the Proposed Action, the Forest Service would issue a new Special Use Permit to the City in partnership with Mt. Werner, to enlarge, use, operate, and maintain the Fish Creek Reservoir. The proposal includes raising the height of the main and saddle dams, reconstructing the saddle dam, and creating a new spillway channel. The expansion would allow for an additional 2,280 AF of water storage, from 1,842 AF to approximately 4,122 AF. Fifty acres of shoreline would be inundated, changing the present size of the reservoir from 90 acres to 140 acres. An early warning system would be installed in both the main and saddle dams. An electric underground powerline would be installed to provide power to the early warning and remote off-site operational control system. The estimated cost of the proposal is \$6,000,000, which equates to a unit cost (per AF of water) of approximately \$2,600/AF. The proposal also includes mitigation for the relocation and reconstruction of the Granite Creek Campground, a Forest Service campground at the reservoir that would be inundated by the expansion of the reservoir.

ALTERNATIVE C - Smaller Reservoir Expansion

Under Alternative C, the Forest Service would issue a new Special Use Permit to the City in partnership with Mt. Werner, to enlarge, use, maintain and operate the Fish Creek Reservoir. The expansion would provide for an additional 908 AF of water storage capacity. The reservoir would be increased by 22 acres. The main and saddle dams would be raised and a new spillway channel would be constructed. An early warning system and remote off-site operational control system would be installed. The estimated costs of the proposal is \$4,200,000, which equates to a unit cost of approximately \$4,600/AF.

Description of City and Mt. Werner Alternatives

Water Conservation Alternative

The Water Conservation Alternative was developed under the assumption that the Forest Service would select the No Action Alternative and therefore, the City and Mt. Werner would need to evaluate alternative ways to supply and conserve water. Both the City and Mt. Werner have indicated that even if the Proposed Action is selected, they would continue to implement conservation measures. Conservation measures presently include:

- *Metering and billing for actual water used
- *Replacement schedule for pipes to control loss in the system
- *Voluntary law water restrictions between 10:00 A.M. and 5:00 P.M.
- *Replacing treated water use with raw water use, when possible
- *Required pressure reduction valves
- *Study of xeriscape benefits and utilization of xeriscape, when possible
- *Study of plumbing retrofit in tourist-oriented lodging complexes
- *New construction ordinances requiring water efficient plumbing fixtures

It is important to note the the ultimate results of implementing a formal water conservation program would rely on many site-specific factors and would depend largely on the cooperation of the community. It would take several years before the effects of conservation are realized and facility expansion could still be required, although a savings of 10%-20% attributable to conservation efforts is estimated.

Infiltration Gallery Expansion Alternative

The City and Mt. Werner have both constructed infiltration galleries (also known as well fields) on property owned by the City along the Yampa River to augment the water supplied to the services areas from the Fish Creek basin. The main purpose of these infiltration galleries is to provide a point of redundancy to the primary Fish Creek water supply. The galleries are also utilized as a supplemental supply during peak water demands.

Under the Infiltration Gallery Expansion Alternative, the City and Mt. Werner would expand the galleries and pump water from this system into the service areas. A second water filtration plant (in addition to the existing Fish Creek Filtration Plant) would be constructed at the infiltration gallery site and the City and Mt. Werner would have to operate two, separately located facilities.

The water is taken from the Yampa River basin and there have been documented water quality concerns associated with the use of this water. The alluvial groundwater of the Yampa River basin has a high mineral content and is higher in alkalinity, hardness, and dissolved solids than the Fish Creek source. Additionally, the alluvial groundwater has relatively high concentrations of iron and manganese and has exceeded secondary drinking water standards. While iron and manganese are not suspected to cause any health problems, they are known to create aesthetic impacts such as objectionable taste and odor; staining of fixtures, and pool discoloration.

City Combination Alternative

Under a Forest Service No Action Alternative decision, the City and Mt. Werner would be required to develop alternative water supply sources to meet Mt. Werner's immediate needs and the City's long-term needs. The City Combination Alternative consists of the following three major components:

- *Water Conservation
- *Infiltration Gallery Expansion
- *Fish Creek Reservoir Modernization

The water conservation and infiltration gallery expansion components of this alternative are displayed above. A number of improvements at the existing reservoir would also be implemented under this alternative. No additional water storage capacity, however, would be created. Reservoir modernization improvements include:

- *Addition of a larger outlet structure
- *Repair of the erosional damage in the Puppy Dog Lake Channel

- *Installation of an underground electric power supply
- *Installation of a remote operational control and early warning system
- *Repair and upgrade of existing roads
- *Visual mitigation at the site (including revegetation and maintenance shed repair)

ENVIRONMENTALLY PREFERRED ALTERNATIVE

The Council of Environmental Quality (CEQ) regulation 40 CFR 1505(b), requires me to identify an environmentally preferred alternative. Having reviewed the Final EIS, I conclude that the environmentally preferred alternative is Alternative A, No Action.

IMPLEMENTATION

Implementation of this decision shall occur only after appropriate permits are issued as previously described. Additionally, I am requesting that the City of Steamboat Springs and Mt. Werner take a leadership role in water resource conservation. Implementation of this decision is only the first step toward long-term water use planning. My expectation is that the City and Mt. Werner will pursue an aggressive and comprehensive water efficiency and conservation program including, without limitation, the following:

- *Requiring low-use plumbing fixtures for all new construction;
- *Providing incentives, such as rebates, for retrofit of low-use plumbing fixtures in existing construction;
- *Adopting water rates which provide incentives for water efficiency and conservation;
- *Providing incentives and public education to encourage efficient outdoor water use. Emphasis should be placed on native vegetation planting in landscaping (including public lands and parks) and restrictions on water use (especially timing of irrigation for landscaping) during drought years.

APPEAL PROVISIONS

This Decision is subject to appeal pursuant to 36 Code of Federal Regulations, part 215, "Notice, Comment and Appeal Procedures for National Forest System Projects and Activities". A written Notice of Appeal must be submitted within 45 days beginning the day following the date of publication of the legal notice of this Record of Decision in the Steamboat Pilot newspaper. The written Notice of Appeal shall be sent to:

Appeal Deciding Officer
Rocky Mountain Region, USDA Forest Service
P.O. Box 25127
Lakewood, Colorado 80225

Appeals must meet content requirements of 36 CFR 215.14. If no appeal is received, implementation of this decision may occur on, but not before, 5 business days from the close of the appeal filing period. If an appeal is received, implementation may not occur for 15 days following the date of appeal disposition.

CONTACT PERSON:

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